

Decision No. 13120.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
HERMOSA-REDONDO WATER COMPANY,
HERMOSA BEACH WATER CORPORATION
and
REDONDO WATER COMPANY

for authority for the HERMOSA-RE-
DONDO WATER COMPANY to purchase the
properties of the HERMOSA BEACH WA-
TER CORPORATION and the REDONDO WA-
TER COMPANY and for the latter two
companies to sell their respective
properties and for authority for the
HERMOSA-REDONDO WATER COMPANY to is-
sue shares of its common stock of
the par value of \$250,000., shares
of its preferred stock of the par
value of \$50,000. and its first mort-
gage bonds of the face value of
\$350,000.00.

ORIGINAL

Application Number 9528

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

On December 28, 1923 by Decision Number 12963 in the above entitled matter, the Railroad Commission authorized Hermosa-Redondo Water Company to issue, subject to the conditions of the order in said decision, \$110,000.00 of common stock, \$50,000.00 of preferred stock and \$350,000.00 of six and one half percent. first mortgage sinking fund gold bonds due December 1, 1953. In its original application applicant asked permission to issue \$250,000.00 of common stock, \$50,000.00 of preferred stock and \$350,000.00 of bonds.

On January 25th the Commission granted applicants a re-hearing for the purpose of introducing additional evidence. A

further hearing was had on January 29th before Examiner Fankhauser. At this hearing applicants introduced evidence showing that Hermosa-Redondo Water Company could readily sell for irrigation uses the water produced on the Redondo Water Company system, should it be concluded not to continue to sell such water for domestic use. Evidence was also introduced showing that the water of the Redondo Water Company ~~could~~, by proper treatment, ^{can} be made safe and not objectionable for domestic use.

There was also received in evidence, reports prepared by the Commission's Engineering Department. It is not thought necessary to refer to such reports in detail, for the reason that the conclusions therein contained in regard to the cost or value of the properties of Redondo Water Company and Hermosa Beach Water Corporation are in substantial accord with the conclusions in the report of The Chester E. Loveland Engineers and with other evidence introduced, which report and evidence was considered by the Commission.

In view of the additional evidence introduced, we think that the Commission's order of December 28, 1923 should be modified so as to permit the Hermosa-Redondo Water Company to issue \$140,000.00 instead of \$110,000.00 of common stock.

On February 1, 1924 applicants filed with the Commission a revised copy of the proposed deed of trust of Hermosa-Redondo Water Company, which deed of trust is in satisfactory form.

FIRST SUPPLEMENTAL ORDER

A re-hearing having been had on the above entitled matter, additional evidence having been submitted and the Commission having considered such evidence and being of the opinion that such additional evidence warrants the issue of \$30,000.00 of additional common stock, and that the money, property or labor to be procured or paid for by such issue is reasonably required by the Hermosa-Redondo Water Company,

IT IS HEREBY ORDERED that paragraph one of the order in Decision No. 12963 dated December 28, 1923 reading --

"1. -- Redondo Water Company and Hermosa Beach Water Corporation are hereby authorized to sell their properties described in this application to Hermosa-Redondo Water Company, which company may purchase such properties and issue in payment therefor, provided it acquires the properties free and clear of all encumbrances, \$110,000.00 of common stock, \$50,000.00 of seven percent. cumulative preferred stock and pay \$222,000.00 in cash, such cash payment to be adjusted because of property retired or additions and betterments installed and because of consumers deposits received or to be returned, all as set forth in the application."

be, and it is hereby amended so as to read:

1. -- Redondo Water Company and Hermosa Beach Water Corporation are hereby authorized to sell their properties described in this application to Hermosa-Redondo Water Company, which company may purchase such properties and issue to such companies or their order in payment for said properties, provided it acquires the properties free and clear of all encumbrances, \$140,000.00 of common stock, \$50,000.00 of seven percent. cumulative preferred stock and pay \$222,000.00 in cash, such cash payment to be adjusted because of property retired or additions and betterments installed and because of consumers deposits received or to be returned, all as set forth in the application.

IT IS HEREBY FURTHER ORDERED that paragraph two of the order in Decision Number 12963 dated December 28, 1923 reading--

" 2. -- Hermosa-Redondo Water Company may issue not exceeding \$110,000.00 of common stock; not exceeding \$50,000.00 of seven percent. cumulative preferred stock; and not exceeding \$350,000.00 of six and one half per cent. first mortgage sinking fund gold bonds due December 1, 1953."

be, and it is hereby, modified so as to read:

2. Hermosa-Redondo Water Company may issue not exceeding \$140,000.00 of common stock; not exceeding \$50,000. of seven percent. cumulative preferred stock; and not exceeding \$350,000.00 of six and one half per cent. first mortgage sinking/gold bonds due December 1, 1953.

IT IS HEREBY FURTHER ORDERED that the provision of the order in Decision No. 12963, dated December 28, 1923 reading:

" IT IS HEREBY FURTHER ORDERED that this application, in so far as it involves the issue of \$140,000.00 of common stock be, and it is hereby, dismissed without prejudice, "

be, and it is hereby, modified so as to read:

IT IS HEREBY FURTHER ORDERED that this application in so far as it relates to the issue of \$110,000.00 of common stock be, and it is hereby, dismissed without prejudice.

IT IS HEREBY FURTHER ORDERED that Hermosa-Redondo Water Company be, and it is hereby, authorized to execute a deed of trust substantially in the same form as the deed of trust filed with the Railroad Commission on February 1, 1924, provided that the authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

IT IS HEREBY FURTHER ORDERED that the order in Decision Number 12963 dated December 28, 1923 shall remain in full force and

effect, except as modified by this First Supplemental Order.

DATED at San Francisco, California, this 5th day of
February, 1924.

J. A. Seavey

H. B. Bondage

Dwight Martin

J. T. Whittsey

Commissioner.